How Do I Apply?

Contact the Water Development Bureau of the Water Resources Division of the Department of Natural Resources and Conservation and request an application form for the Water Development Loan and Grant Program. Specify if you are interested in a grant, a loan of $200,000 or less, a grant and loan combination, or a loan greater than $200,000. **THE APPLICATION DEADLINE IS MAY 15 OF EACH EVEN-NUMBERED YEAR.** Private applicants requesting loans of $200,000 or less may apply at any time.

What Happens After I Submit My Application?

All applications will be reviewed by DNRC for technical and financial feasibility. Grant applications and applications for loans over $200,000 will be ranked using a point system to establish funding recommendations to the Montana Legislature. Points will be awarded for the following criteria:

- Project provides for water storage
- Project is part of a family farm
- Project uses or develops reserved water
- Project provides public benefits
- Project promotes conservation and efficient use of water
- Project is needed and urgent
- Project provides positive environmental impacts
- Project provides for multiple use of water

NOTE: If a project takes prime agricultural land out of production, it will receive a lower rating.

The repayment capability of projects, for which loans greater than $200,000 have been requested, will be evaluated along with the above criteria to determine interest rate reduction recommendations to the legislature.

The Montana Legislature, which meets from January to April each odd-numbered year, will make the final decision on the ranking and funding of loans and grants. The legislature's decision will determine when a project will receive grant money during the next two-year period, and the interest rates for loans greater than $200,000. Bond sales to finance loans will be compatibly phased with construction seasons.

FOR MORE INFORMATION WRITE OR CALL:

Department of Natural Resources
and Conservation
Water Resources Division
Water Development Bureau
Lee Metcalf Building
1520 East Sixth Street
Helena, Montana 59620
Telephone: (406) 444-6668

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Montana Water Development Program

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for

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Irrigation Districts
Conservation Districts
Water & Sewer Districts
Counties
Cities

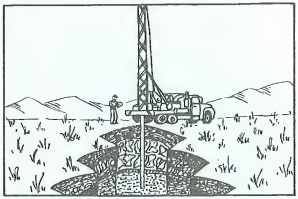
The Montana Water Development Loan and Grant Program was created by the 1981 Legislature to provide financial assistance to Montanans for water development projects and activities. Grants, loans, or grant and loan combinations are available to individuals, partnerships, corporations, and associations, and to state and local public entities. To fund program grants, .625 percent of the coal severance tax is made available every two years. In the past, this has amounted to over $1.5 million per two-year period. To finance loans, the state is authorized to sell up to $10 million in general obligation bonds, and up to $250 million in coal severance tax bonds.

What Projects are Eligible?

Eligible projects include construction projects that conserve, distribute, develop, store, or use Montana's water resources for beneficial purposes. Feasibility and assessment studies, demonstrations, and programs designed to protect, manage, and enhance water resources are also eligible.

Examples of eligible projects include:

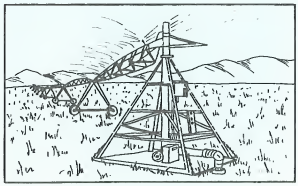
- Irrigation System Development, Conversion, or Repair
- Irrigation Water Storage and Management
- Saline Seep Abatement
- Streambank Stabilization and Protection
- Groundwater Assessment
- Water and Sewer System Feasibility Studies
- Rural Water and Sewer Facility Construction
- Municipal Water and Sewer Facility Construction
- Dam Rehabilitation



Who is Eligible to Receive Grants?

All state and local public entities such as divisions of state government, conservation districts, cities, counties, districts, and other subdivisions of local government are eligible to receive grants along with individuals, partnerships, associations, and corporations.

No grant can exceed $100,000. Grants to private entities cannot exceed 25 percent of the total project cost. Public projects that have loan repayment capability (income-producing construction projects such as municipal water and sewer systems, or irrigation systems,) also cannot receive a grant exceeding 25 percent of the total project cost. All grants must be approved by the Montana Legislature.



Who is eligible to Receive Loans of $200,000 or Less?

Like grants, all public and private entities are eligible for loans of $200,000 or less.

The interest rate for these loans is the rate at which the state bond is sold. In 1985, that rate was 7.23 percent. The loan repayment period is for the life of the project to a maximum of 30 years. All loans to public entities must be approved by the Montana Legislature, but loans to private entities can be approved by the director of DNRC throughout the year.

Applicants requesting loans of $200,000 or less are also eligible to apply for a grant and loan combination.

Who is Eligible for Loans Greater than $200,000?

Public entities such as irrigation districts, water and sewer districts, cities, counties, and other subdivisions of state and local governments are eligible for loans greater than $200,000. Private entities are not eligible. The interest rate for these large loans is never higher than the rate at which the state bond is sold, but a lower interest rate may be awarded depending on an assessment of the project's repayment capability, and approval by the Montana Legislature. In 1985 the state bond interest rate was 9.29 percent. The loan repayment period typically has been 20 years. All loans exceeding $200,000 must be approved by the Montana Legislature. Since applicants requesting loans greater than $200,000 may receive lower interest rates, they may not apply for a grant and loan combination.